

**Internal Revenue Service  
P.O. Box 2508  
Cincinnati, OH 45201**

**Department of the Treasury**

Release Number: **201003025**  
Release Date: 1/22/10  
Date: 10/30/09

**Employer Identification Number:**

**Contact Person - ID Number:**

**Contact Telephone Number:**

UIL 4945.04-04

**LEGEND**

X= Name of Organization  
b= Grant amount  
c= Grant amount

Dear

We have considered the request of the applicant, named X, for advance approval of a grant-making program under section 4945(g)(3) of the Internal Revenue Code, dated July 20, 2009, with a postmark date of August 3, 2009.

Our records indicate that X was recognized as exempt from Federal income tax under section 501(c)(3) of the Code and that it is classified as a private foundation as defined in section 509(a).

Your letter indicates that X will operate a grant-making program to award grants to promising scientists, artists, writers, film makers, researchers and other visionaries for the development of new and original projects that address, highlight and propose solutions to important problems facing society today in a manner that benefits the community and the world at large. X will announce (and accept grant applications for) a specific grant topic each year, which will fall within the grant program purposes which is as follows: to produce a report or other similar product, or improve or enhance a literary, artistic, musical, scientific, teaching, or similar capacity, skill, or talent of the grantee. The proposed projects may be books, multimedia presentations, curatorial projects, DVD-ROMs, films, video, internet sites, software, databases, research reports and art in any medium. The grantee will be required to submit the project deliverable to X at the end of the grant period and, where applicable, to grant X a license to use such project deliverable in furtherance of X's charitable purposes. In addition, where applicable, the grantee may be required to validate and check any scientific, factual and other claims presented in the project by consulting with established scientific or other institutions and/or experts.

X will award up to 10 grants per year, depending on the number of qualified applicants, in amounts ranging from b to c. X intends to disseminate information

about the grant program in publications and on the internet and to make the grant application available to the general public.

Applicants must be promising scientists, artists, writers, film makers, researchers and other visionaries who possess either a significant record of achievement, exceptional promise or have demonstrated accomplishments in their field. They must demonstrate the feasibility of their project and must commit to using it primarily for a charitable purpose, such as education and scientific advancement, which addresses or tries to solve problems facing society.

The grants will be awarded on an objective and nondiscriminatory basis. The selection committee will be composed of the Trustees of X. Members of the selection committee will not be in a position to receive private benefit, directly or indirectly, if certain grantees are selected over others. X's managers, substantial contributors and their families are not eligible to apply for a grant.

Grant applicants will be required to submit a completed application form, a project statement and a curriculum vitae, including a list of prior publications, achievements, etc. The project statement will (i) describe the proposed project and the final project deliverable, (ii) explain how the applicants prior professional experience is relevant to the project, (iii) describe any additional support received from established charities or other individuals, and (iv) discuss how the project benefits the community and the world at large.

X will use the following criteria in its evaluation of the grant applications:

- Completeness of application and project statement
- The potential significance of the project to propose solutions to important problems facing society today
- The adequacy of the proposed budget and time period for achieving the desired results
- The applicant's credentials and previous achievements in the field of the proposed projects

Each grant recipient must agree in writing to use the grant funds only for the purposes for which the grant has been awarded. The grant recipient must also agree to provide X with a semi-annual report regarding the progress of the project, describing the accomplishments under the grant and accounting for the grant funds expended as of the date of the report. The grant recipient must further agree to submit to X the project deliverable within one year of the date the grant is awarded. Finally, the grant recipient must agree to return to X all funds that are not spent for the purposes the grant has been awarded and to further return the grant in its entirety if the recipient fails to deliver the project deliverable for which the grant has been awarded. If X learns that all or any part of a grant is being diverted from the intended purpose, X will take all reasonable and appropriate steps to recover the grant funds or to restore diverted funds. This would include legal action if deemed appropriate under the circumstances.

X will retain complete records indefinitely with respect to all grants awarded, including the grant proposal, grant application and a curriculum vitae for each grant applicant, the identification of grantees, the amount and date of each grant,

a grant agreement signed by the grant recipient and semi-annual progress report required by each grant recipient.

Sections 4945(a) and (b) of the Code impose certain excise taxes on "taxable expenditures" made by a private foundation.

Section 4945(d)(3) of the Code provides that the term "taxable expenditure" means any amount paid or incurred by a private foundation as a grant to an individual for travel, study, or other similar purposes by such individual, unless such grant satisfies the requirements of subsection (g).

Section 4945(g) of the Code provides that section 4945(d)(3) shall not apply to individual grants awarded on an objective and nondiscriminatory basis pursuant to a procedure approved in advance if it is demonstrated that:

- (1) The grant constitutes a scholarship or fellowship grant which is subject to the provisions of section 117(a) and is to be used for study at an educational organization described in section 170(b)(1)(A)(ii);
- (2) The grant constitutes a prize or award which is subject to the provisions of section 74(b), if the recipient of such prize or award is selected from the general public, or
- (3) The purpose of the grant is to achieve a specific objective, produce a report or similar product, or improve or enhance a literary, artistic, musical, scientific, teaching, or other similar capacity, skill, or talent of the grantee.

Section 53.4945-4(c)(1) of the Regulations provides that to secure approval, a private foundation must demonstrate that:

- (i) Its grant procedure includes an objective and nondiscriminatory selection process;
- (ii) Such procedure is reasonably calculated to result in performance by grantees of the activities that the grants are intended to finance; and
- (iii) The foundation plans to obtain reports to determine whether the grantees performed activities that the grants are intended to finance.

Based on the information submitted and assuming your award programs will be conducted as proposed with a view to provide objectivity and nondiscrimination in making the awards, we have determined that your procedures for granting the awards comply with the requirements contained in section 4945(g) of the Code and that awards granted in accordance with such procedures will not constitute "taxable expenditures" within the meaning of section 4945(d)(3).

This determination is conditioned on the understanding that there will be no material change in the facts upon which it is based. It is further conditioned on the premise that no grants will be awarded to foundation managers, or members

of the selection committee, or for a purpose that is inconsistent with the purpose described in section 170(c)(2)(B) of the Code.

The approval of your award program procedures herein, constitutes a one-time approval of your system standards and procedures designed to result in awards which meet the requirements of section 4945(g)(3) of the Code. This determination only covers the grant programs described above. Thus, approval shall apply to subsequent award programs only as long as the standards and procedures under which they are conducted do not differ materially from those described in your request.

We have not considered whether grants made under your procedures are excludable from the gross income of recipients under section 117(a) of the Code.

Any funds you distribute to individuals must be made on a true charitable basis in furtherance of the purposes for which you are organized. Therefore, you should maintain adequate records and case histories so that any or all award distributions can be substantiated upon request by the Internal Revenue Service.

This determination is directed only to the organization that requested it. Section 6110(j)(3) of the Code provides that it may not be used or cited as a precedent.

You must report any future changes in your grant making procedures. Please keep a copy of this letter in your permanent records.

If you have any questions, please contact the person whose name and telephone number are shown above.

Sincerely yours,

Robert Choi  
Director, Exempt Organizations  
Rulings and Agreements